

EXHIBIT R

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

RITLABS, S.R.L.,)	
)	
Plaintiff,)	
)	
vs.)	
)	Civil Action No.
RITLABS, INC., and SERGHEI)	1:12CV00215
DEMCENKO,)	
)	
Defendants.)	
_____)	

- CONFIDENTIAL -

DEPOSITION OF BASIL KRUGLOV
Chicago, Illinois
Wednesday, June 13, 2012

Reported by: Janet L. Robbins
CSR No. 84-002207
NDS Job No.: 149430

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1 **A As I'm looking at -- just foreign**
2 **citizens.**

3 **Q In this conversation with Mr. Masiutin,**
4 **did you discuss the transfer of money from**
5 **Mr. Masiutin to CIFNet to fund this potential bank**
6 **account -- excuse me, investment account?**

7 MR. HUFF: I guess I'll object. The document
8 is what the document is. The conversation is there.

9 THE WITNESS: I have to analyze the
10 conversation because it took place so long ago and to
11 understand who said what.

12 BY MR. DI GIACOMO:

13 **Q Sure. Take your time, please.**
14 **(A pause was had in the**
15 **proceedings.)**

16 THE WITNESS: Could you restate the question
17 one more time?

18 BY MR. DI GIACOMO:

19 **Q Sure. In this conversation dated October**
20 **9th, 2007, is it accurate to state that you were**
21 **discussing the opening of an investment account on**
22 **behalf of Mr. Masiutin?**

23 **A No.**

24 **Q Could you please tell me what this**
25 **conversation was concerning?**

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1 **A** On those first three pages of the
2 document -- first of all, I've given him list of
3 areas, books on investments.

4 Then on the second page of this document
5 at the very bottom, Mr. Masiutin is asking me to
6 provide him with information on brokerage houses that
7 may work with foreign -- with citizens of Moldova.

8 On the third -- at the very top of the
9 third page, I've listed Zecco Trading and Trade King.
10 Then Mr. Masiutin is asking me whether he could pay
11 using his card.

12 **Q** When you say "card," do you mean credit
13 card?

14 MR. HUFF: Objection, foundation. I think he
15 said that that was something that Mr. Masiutin said
16 to him.

17 THE WITNESS: That was -- this is what
18 Mr. Masiutin is asking me.

19 BY MR. DI GIACOMO:

20 **Q** Is it your understanding that
21 Mr. Masiutin meant credit card when he asked you
22 about this payment?

23 MR. HUFF: Objection, foundation.

24 THE WITNESS: I do not know whether it's the
25 debit card or the credit card.

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1 BY MR. DI GIACOMO:

2 Q I want to now draw your attention to this
3 ICQ log again to the dates dated November 8th, 2007,
4 and that is on Page 3 and 4 of this document. Please
5 take your time to review that and let me know when
6 you are ready.

7 (A pause was had in the
8 proceedings.)

9 THE WITNESS: Okay.

10 BY MR. DI GIACOMO:

11 Q Drawing your attention to this section
12 dated November 8th, 2007, in this does Mr. Masiutin
13 state that he sent documents to this Zecco company to
14 open an investment account?

15 A Yes.

16 Q Is it accurate to state that Mr. Masiutin
17 also says that Yevgeniy Kruglov transferred money to
18 that account?

19 MR. HUFF: Can I have a continuing objection so
20 I don't need to interrupt you?

21 MR. DI GIACOMO: Sure.

22 THE WITNESS: Yes, it says so on Page 3 at the
23 bottom.

24 BY MR. DI GIACOMO:

25 Q And is it accurate that Mr. Masiutin is

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1 asking you in this conversation where that money is
2 that was transferred to the Zecco account by
3 Mr. Yevgeniy Kruglov?

4 A Could you repeat the question one more
5 time?

6 Q Sure. In this conversation dated
7 November 8th, 2007, is it accurate to state that
8 Mr. Masiutin asked you for help in finding amounts
9 that were supposed to be transferred to the Zecco
10 account?

11 A Mr. Masiutin is referring to e-mail that
12 was sent by him to me. And without that e-mail, I
13 cannot answer your question.

14 Q Is it accurate that in this conversation
15 in this ICQ log, Mr. Masiutin asks you where money
16 that was supposed to be sent to the Zecco account is?

17 A Yes, he's asking me where the money --
18 where the money might be.

19 Q And is it fair to characterize this
20 conversation as evidencing the fact that CIFNet or
21 you in your personal capacity were transferring
22 monies or aiding Mr. Masiutin in transferring monies
23 to the Zecco Trading account?

24 MR. HUFF: Objection to the form.

25 THE WITNESS: Given that he's writing that

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1 Yevgeniy had transferred amount, I would say that
2 CIFNet had transferred the amount to Mr. Masiutin.

3 BY MR. DI GIACOMO:

4 Q To Mr. Masiutin or to the Zecco Trading
5 account?

6 A Zecco Trading account of Mr. Masiutin.

7 Q Thank you.

8 And I want to draw your attention to the
9 conversation dated within the same document marked as
10 Exhibit 3, the conversation dated November 12th,
11 2007, which is on Page 4 of this document. Please
12 tell me when you're ready.

13 A Go ahead.

14 Q Based on this conversation, is it
15 accurate to state that Mr. Masiutin asked you how he
16 could deposit funds into his account at Zecco?

17 A By looking at this, I think he's asking
18 me -- he's telling me that he sent Yevgeniy
19 information on -- he's sending Yevgeniy instructions
20 related to JPMorgan Chase, but -- I apologize, could
21 you restate the question one more time?

22 Q Sure. The question is: Based on this
23 conversation on November 12th, 2007, is it fair to
24 characterize Mr. Masiutin's statements to you as
25 asking you to transfer money to his account at Zecco?

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1 at the direction of Mr. Demcenko?

2 A Correct.

3 Q And did you sell the software of Ritlabs,
4 S.R.L. between January 1st, 2009 and December 31st,
5 2009, to the best of your personal knowledge?

6 A Could you repeat the dates one more time?

7 Q Sure. Did you sell the software of
8 Ritlabs, S.R.L. on behalf of Ritlabs, S.R.L. between
9 the dates of January 1st, 2009 and December 31st,
10 2009?

11 A Yes.

12 MR. HUFF: Objection to the form.

13 THE WITNESS: Yes.

14 BY MR. DI GIACOMO:

15 Q So to repeat your testimony, for sake of
16 clarity, during the year in which CIFNet was not in a
17 license agreement with either Ritlabs, S.R.L. or
18 Ritlabs, Inc., you continued to sell Ritlabs,
19 S.R.L.'s software, is that correct?

20 A That is correct.

21 Q Are you familiar with the ritlabs.net
22 domain name?

23 A I have a vague recollection of that name.

24 Q Based on your recollection, was
25 ritlabs.net registered with CIFNet?

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1 MR. HUFF: Can we go off the record?

2 (A recess was had.)

3 MR. DI GIACOMO: We'd like to clarify the
4 record. At the break, Mr. Kruglov indicated that he
5 may have been confused by my question concerning MX
6 records, so we'd like to revisit that at this time.

7 BY MR. DI GIACOMO:

8 Q Mr. Kruglov, between December of 2011 and
9 February of 2012, did you ever have a conversation
10 with Mr. Serghei Demcenko concerning the modification
11 or change of the DNS records associated with the
12 ritlabs.com domain name?

13 A Yes.

14 MR. HUFF: Just for the record, I would object
15 to the characterization of the need for the
16 clarification. I think the question -- the answers
17 to the questions as posed were proper. But to
18 provide a full record on what I think you're trying
19 to get at, we made you aware of the fact that
20 Mr. Kruglov could provide some testimony about that
21 subject matter.

22 BY MR. DI GIACOMO:

23 Q Mr. Kruglov, what was the content of this
24 conversation with Mr. Demcenko? Let me back up.
25 Strike that.

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1 When did this conversation with
2 **Mr. Demcenko** occur?

3 **A** I assume somewhere in February 2012.

4 **Q** What was the content of that
5 **conversation?**

6 MR. HUFF: Objection, foundation as to who was
7 involved in the conversation.

8 BY MR. DI GIACOMO:

9 **Q** Who was involved in the conversation?

10 **A** Myself, Yevgeniy and Mr. Demcenko.

11 **Q** Was this conversation had via telephone?

12 **A** Yes.

13 **Q** What was said in this conversation?

14 **A** I cannot tell you the exact words because
15 I cannot remember.

16 **Q** To the best of your recollection.

17 **A** Mr. Demcenko wanted to have access to his
18 e-mail accounts, his personal e-mail accounts that
19 were -- and that of his family, also employees of --
20 or former at the time employees of Ritlabs, S.R.L.

21 **Q** When you say personal -- and I don't mean
22 to interrupt you, but when you say "personal e-mail
23 accounts," do you mean e-mail accounts on the
24 ritlabs.com domain name?

25 **A** Correct.

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1 Q Please continue.

2 A So he wanted to have access to those
3 accounts. And he asked us to -- as to how this can
4 be done.

5 Q What was your response?

6 A To the best of my recollection, in my
7 words, I would say that to do that, we would need to
8 set up another machine computer system to -- and
9 modify DNS records for that domain name, ritlabs.com.

10 Q And did you set up a separate computer
11 system and modify the DNS records?

12 A Set up computer system, yes. Modify DNS
13 records, I will specify that only the MX -- could I
14 pause for a second?

15 Q Sure.

16 MR. DI GIACOMO: Can we go off the record?

17 (A pause was had in the
18 proceedings.)

19 THE WITNESS: We can go on the record.

20 BY MR. DI GIACOMO:

21 Q Please continue.

22 A The machine was set up, but I was not
23 personally involved in a configuration of DNS -- of
24 any changes to the DNS system made by CIFNet on
25 behalf of Mr. Demcenko.

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1 Q Who was involved in the changes to the
2 DNS records?

3 A Yevgeniy.

4 Q And when you say a machine was set up, do
5 you mean a machine that the DNS record would point
6 to?

7 A Yes.

8 Q And what was the purpose of this machine?

9 A A mail server and a DNS server.

10 Q And did this mail server capture any
11 e-mails intended to go to the ritlabs.com domain
12 name?

13 A Only those e-mails provided by Mr. --
14 only to those e-mail accounts provided by
15 Mr. Demcenko.

16 Q Do you know what e-mail accounts
17 Mr. Demcenko provided?

18 A Not off the top of my head, but to my
19 recollection, Serg, Olga, and two or three other
20 accounts associated with his family members, former
21 employees at the time of Ritlabs, S.R.L.

22 Q Just for clarity of the record, when you
23 say Serg, you mean serg@ritlabs.com --

24 A Correct.

25 Q -- olgal@ritlabs.com?

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1 A Correct.

2 Q And just for, again, for clarity of the
3 record, when you state that he was providing e-mail
4 addresses for former employees, do you mean former
5 employees that were family members or do you mean
6 former employees who were not family members?

7 A That were family members.

8 Q Did he provide e-mail addresses of any
9 other employees other than family members?

10 A No. And they were very clear that at no
11 point in time he would set up any other accounts due
12 to attorney-client information that could be passing,
13 given the lawsuit that was initiated by the
14 plaintiffs.

15 I will also add that he concurred that
16 this is not his intention. His intention is to get
17 access to his e-mail account to communicate with
18 various dealers with whom he had done business or was
19 doing business at the time.

20 Q Does this server still exist?

21 A Yes.

22 Q Has the hard drive been modified in any
23 way?

24 A It is a virtual server. And, no, the
25 substance of the machine is intact.

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1 Q Did you provide e-mails sent to the
2 server in response to plaintiff's subpoena in this
3 matter?

4 A No, we did not provide -- those -- those
5 are not our e-mail -- those are not our e-mails.

6 Q When you say that they're not your
7 e-mails, are they not under your control?

8 A We have access to the system, but
9 those -- the content belongs to Mr. Demcenko, his
10 wife and other family members who are or were
11 receiving e-mails to those addresses during the time
12 before the judge ordered to -- before the judge
13 ordered the domain name to be transferred into
14 plaintiff's possession.

15 Q But you do have control over the server?
16 This is not Mr. Demcenko's server?

17 A Correct.

18 MR. HUFF: Objection. Objection to the form of
19 the question. And with respect to any concerns that
20 you have with respect to the production of records in
21 the response to subpoena, I would ask that you direct
22 that to counsel as opposed to the witness.

23 MR. DI GIACOMO: Understood.

24 BY MR. DI GIACOMO:

25 Q Mr. Kruglov, it appears that CIFNet has